1929

N11766

PNYC00009990

Anaconda Copper Mining Company

CAPITAL STOCK

December 31, 1929

Authorized,	12,000,000 shares, $50 each	$600,000,000
Issued,	8,828,063 shares, $50 each	441,403,150

OFFICERS

Chairman of the Board	JOHN D. RYAN
President	CORNELIUS F. KELLEY
Vice-President	BENJAMIN B. THAYER
Vice-President	JAMES R. HOBBINS
Vice-President	ROBERT E. DWYER
Secretary and Treasurer	ALBERT H. MELIN
General Auditor	JAMES DICKSON
Assistant Secretary	KENNETH B. FRAZER
Assistant Treasurer	DAVID B. HENNESSY

DIRECTORS

Percy A. Rockefeller
Benjamin B. Thayer
Charles E. Mitchell
*Nicholas F. Brady
John D. Ryan
Cornelius F. Kelley
Charles T. Fisher
Andrew J. Miller
John A. Coe

*Deceased March 27, 1930

OFFICES

Anaconda, Montana
25 Broadway, New York

PNYC00009991

To the Shareholders of
Anaconda Copper Mining Company:

The extraordinary increase in the domestic demand for copper which developed during the last half of 1928, carried through into 1929 and continued until the general decline of business which culminated in the drastic recession of the closing months of the year. The buying movement which had gained impetus in the last quarter of 1928, continued through the first quarter of 1929, unchecked by the frequent admonitions of the producers, who were increasing production as rapidly as possible, but who could not sell further against unmined production, until approximately 500.000 tons of copper were sold for forward delivery. The result was that for a time the market got out of control and the price advanced on bids for small tonnages made largely to custom smelters, until a price for delivery in Connecticut Valley of 24¢ a pound on March 23 was quoted. The total amount of copper sold above 20¢ a pound was small, and as soon as buying ceased the price declined until the equivalent of 18¢ delivered Connecticut Valley was reached. This price, representing approximately the average of all forward contracts, prevailed throughout the rest of the year. A high record for production, fabrication and manufacture was established by your Company and its affiliated organizations.

World production of copper, as reported by the American Bureau of Metal Statistics, amounted to 2.136.405 tons. Total stocks increased 134.510 tons. World consumption of 2,001.895 tons, an increase of 3.50% over 1928, is thus indicated, divided approximately, 1,051.522 tons in the United States, an increase of 10.95%, and 950,373 tons in other countries, a decrease of 3.66%.

The price of copper, as reported by Engineering and Mining Journal, ranged from 16.5¢ on January 2 to a maximum of 23.775¢ March 23 to April 3, closing the year at 17.775¢, with the year's average of 18.107¢, or 3.537¢ higher than in 1928. The price of lead at the beginning of the year was 6.65¢; it advanced to 7.875¢ on March 20, thereafter declined to 6.25¢ November 7, at which price it closed the year, with an average of 6.833¢. At the beginning of the year the price of zinc was 6.35¢, advancing to a high of 6.80¢ June 27, declining to 5.45¢ December 19 to the end of the year, with an average of 6.512¢ per pound. On January 2 silver was quoted at 57.125¢, advancing on January 10 to 57.5¢, steadily declining thereafter to 46.25¢ December 30, closing the year at 46.75¢, with an average price of 52.993¢ per ounce.

Corporate Growth and Structure

Important changes were made in the corporate and financial structure of your Company. Of these the shareholders have been fully advised. They may be briefly summarized as follows:

At a special meeting of Stockholders held March 14, 1929, the authorized capital stock of the Company was increased from 6,000,000 shares of the par value of $50 per share to 12,000,000 shares of the same par value.

Offers of exchange were made to the owners of the outstanding shares of Chile Copper Company, Andes Copper Mining Company and Greene Cananea Copper Company, as a result of which your Company acquired all but a small minority of the outstanding stock of these companies.

Stockholders of record at the close of business April 30 were offered the right to subscribe, on or before June 18, 1929, at $55 per share, for two shares of stock of the par value of $50 per share for each five shares of such stock held by them. The purpose of the offer was to provide funds to discharge the then outstanding funded debt of the Company. Practically the entire offer was subscribed for. There was no underwriting or charge of any kind, except necessary expense actually incurred in connection with this financing.

On January 2, at maturity, there was paid off from current funds of the Company the outstanding 10-Year Series A 6% Secured Gold Bonds, amounting to $16,933,000. On August 1 the entire issue of $104,401,000 First Consolidated Series A 6% Sinking Fund Gold Bonds, due 1953, was paid from funds obtained by subscription to the additional shares of the Company issued for that purpose. As of the same date the remainder of the $50,000,000 15-Year 7% Convertible Debentures, due 1938, amounting to $13,143,-000, were either converted or paid.

By virtue of the foregoing transactions, your Company and subsidiary companies were relieved of all funded indebtedness except $2,182,000 First Mortgage 5% Sinking Fund Gold Bonds of the Butte, Anaconda & Pacific Railway Company, and $35,000,000 20-Year 5% Gold Debentures of Chile Copper Company.

In February, 1929, the Anaconda Wire and Cable Company was organized to take over the Great Falls Rod and Wire Mill of your Company and the Kenosha Wire Mill of The American Brass Company. It subsequently acquired the plants and assets of the following companies:

Inland Wire & Cable Company, Sycamore, Illinois;
Tubular Woven Fabrics Company, Pawtucket, Rhode Island;
Maring Wire Company, Muskegon, Michigan, and Anderson, Indiana;
Marion Insulated Wire and Rubber Company, Marion, Indiana;
Hastings Wire & Cable Corporation (a subsidiary of The American Brass Company), Hastings-on-Hudson, New York.

The Anaconda Wire and Cable Company is an organization with facilities for the manufacture, and distribution throughout the United States and for export, of a complete line of copper rods and of bare, weatherproof and insulated copper wire, cable and strand. Your Company owns a majority of the outstanding shares of this company.

On March 15 The American Brass Company acquired for a cash price of $3,000,000 all of the issued stock of the French Manufacturing Company, of Waterbury, Conn., one of the most successful fabricators of small seamless tubes.

Due to the various corporate transactions outlined above, the outstanding capital stock of your Company increased from 3,648,311 shares at the beginning of the year to 8,828,063 shares December 31, and there was discharged either by conversion or payment a total of $134,477,000 funded debt.

Financial

The consolidated balance sheet at December 31, 1929, includes the assets and liabilities of Chile Copper Company, Andes Copper Mining Company and Greene Cananea Copper Company, as your Company owned substantially all of the issued shares of those corporations on that date. In order to properly state the income of the consolidated companies for the year, the total income of the above-mentioned companies has been included in the consolidated income account. The income which accrued to the minority interests outstanding at the close of the year, and the dividends paid by those companies on shares of stock subsequently acquired by the Anaconda Company, are shown in the statement of surplus account herewith. The funds for redemption of bonds on August 1st were provided through the subscription to stock. Interest paid and discount on such bonds, amounting to $4,080,866.92 up to August 1st, the date of redemption, should be added to income shown on Auditor's statement to arrive at true income on total shares outstanding at the end of the year. Including this amount, net earnings for the year, after all charges except depletion, amounted to $73,196,595.81. In ascertaining earnings for the year, no profit has been taken on unsold production. Metals in inventories at the close of the year were priced at cost, with the exception of the normal metal inventories of the fabricating plants, which were priced at the basis fixed in 1926.

Capital Expenditures

Miscellaneous mining claims and lands were acquired at a cost of $978,985.32.

Construction expenditures during the year totalled $9,596,569.54, and were distributed as follows:

Butte Mines	$1,059,487.76
Reduction Works, Anaconda	232,851.72
Reduction Works, Great Falls	54,408.63
The American Brass Company	1,583,072.20
Raritan Copper Works	244,893.29
International Smelting Company	872,446.61
International Lead Refining Company	208,949.04
Andes Copper Mining Company	2,025,793.29
Chile Copper Company	2,346,257.91
Greene Cananea Copper Company	939,195.31
Miscellaneous	29,213.78

Copper Operations

The production of metals of the Anaconda Company and its subsidiary companies from copper operations for the year 1929 was as follows:

	Copper lbs.	Silver ozs.	Gold ozs.
Anaconda Copper Mining Co.	297,014,107	8,564,609.45	33,077.043
Andes Copper Mining Co.	162,663,775	263,268.65	16,536.862
Chile Copper Co.	299,575,752	....	....
Greene Cananea Copper Co.	58,826,951	402,029.94	12,365.615
International Smelting Co.	172,488,878	2,154,868.63	44,441.157
Total	990,569,463	11,384,776.67	106,420.677

Of the above, 188,050,954 pounds copper, 3,598,424.07 ounces silver, and 55,079.553 ounces gold were produced from custom ores and ores treated on toll.

Zinc Operations

The production of electrolytic zinc at the Anaconda and Great Falls plants during 1929 amounted to 273.357.416 pounds.

In addition. metals in dross and residue produced amounted to 13.854.061 pounds zinc. 26.913.502 pounds lead, 2.921.526 pounds copper, 3,585,368.18 ounces silver, and 8,702.023 ounces gold. Of this amount 2.404.051 pounds copper, 290.463.40 ounces silver. and 139.945 ounces gold were treated through operations of the Copper Plant.

Lead Operations

The Lead Plant of the International Smelting Company, Tooele. Utah. produced from custom ores 152.536.672 pounds lead, 6,356.611.11 ounces silver, and 38.163.637 ounces gold.

Miscellaneous Products

Miscellaneous production consisted of:

128,115.171	feet,	lumber.
19,714	tons,	treble superphosphate and phosphoric acid.
10.628.97	"	arsenic.
57,619,579	pounds,	zinc oxide.
17,831.740	"	white lead.
802,753.65	"	cadmium.
379,100	"	nickel sulphate.
800,493	"	copper sulphate.

Fabricating Plants

The output of manufactured products of the plants of The American Brass Company (eliminating the Kenosha Wire Mill and the Hastings Rod and Wire Mill which were sold to Anaconda Wire and Cable Company), amounted to 695,059,213 pounds, which established a new high record, with an increase of 69,823,589 pounds over the output of 1928.

The copper used in the fabricated products of the plants of Anaconda Wire and Cable Company amounted to 354,994,832 pounds.

The combined output of the fabricating plants totalled 1,050,054,045 pounds.

Silesian-American Corporation

The principal amount of outstanding bonds was reduced to $11,512,000 at December 31, 1929.

The subsidiary Polish companies increased output in all departments, particular improvement developing in the coal business. The price of zinc was lower than in the previous year, declining to 5.39¢ per pound as compared with 1928 average of 5.467¢, in contrast to which price in the United States averaged .485¢ more than in 1928. London price of zinc at December 31, 1929, for spot and future, had declined to equivalent of 4.335¢ per pound.

Principal production for the year was as follows:

Zinc	153,946,000	pounds
Lead	14,559,000	"
Coal	3,208,000	metric tons
Sulphuric Acid	121,060	" "
Superphosphate	71,880	" "

During the year $1,410,506.41 was expended for construction.

There is attached hereto a Consolidated Balance Sheet showing the financial condition of the Company and its subsidiary companies at the close of business December 31, 1929, together with an Income Statement for the year, certified to by Messrs. Pogson, Peloubet & Company, Certified Public Accountants.

JOHN D. RYAN,
Chairman of the Board.

CORNELIUS F. KELLEY,
President.

New York, N. Y., May 6, 1930.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies
Consolidated Balance Sheet—31st December, 1929

ASSETS

FIXED:		
Mines and Mining Claims, Coal Mines, Timber Lands, Phosphate Deposits, Water Rights and Lands for Metal Producing and Manufacturing Plants	$295,030,767.55	
Buildings and Machinery at Mines, Reduction Works, Refineries, Manufacturing Plants, Sawmills, Foundries, Waterworks, Steamships and Railroads	255,889,684.10	
Investments in sundry companies	25,349,194.45	$576,269,646.10
DEFERRED CHARGES and discount on bonds		11,052,712.85
CURRENT:		
Supplies on hand, advances on Ores and Expenses prepaid	$ 32,780,024.38	
Metals and Manufactured Products in process and on hand—at cost, less reserve	84,655,074.38	
Accounts Receivable	26,070,341.61	
Marketable Securities	17,243,410.52	
Cash	16,156,605.59	176,905,456.48
		$764,227,815.43

We have examined into the affairs of Anaconda Copper Mining Company and of its Subsidiary Companies and have verified the Assets and Liabilities shown above and the relative Surplus and Income accounts. The Net Income is after deducting all Development expenditure of the year, Depletion of Coal and Timber Lands and Depreciation of Plants and Equipment. We hereby certify that this Balance Sheet shows the financial condition at 31st December, 1929, of the companies as an aggregate whole and that the accompanying Surplus and Income accounts for the year ended that date are correct as stated.

POGSON, PELOUBET & CO.
Certified Public Accountants

New York and Butte, 2nd April, 1930

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Balance Sheet—31st December, 1929

LIABILITIES

CAPITAL STOCK of Anaconda Copper Mining Company:		
Authorized, 12,000,000 shares of $50.00 each Issued, 8,828,063 shares		$441,403,150.00
CAPITAL STOCK AND SURPLUS of Subsidiary Companies owned by Minority Interest		12,232,860.77
BONDS OUTSTANDING:		
Chile Copper Co. Twenty Year 5% Gold Debentures, due 1947	$35,000,000.00	
Butte, Anaconda & Pacific Railway Co. First Mortgage 5% Sinking Fund Gold Bonds, due 1944	2,182,000.00	37,182,000.00
RESERVE FOR DEPRECIATION		83,679,863.20
CURRENT:		
Notes Payable	$35,000,000.00	
Taxes and Interest accrued	8,142,153.31	
Accounts and Wages payable	19,105,124.91	
Dividend No. 106 payable 17th February, 1930	15,449,110.25	77,696,388.47
SURPLUS		112,033,552.99
		$764,227,815.43

NOTE—In order to comply with the Government Income Tax requirements for the purpose of computing depletion, additional valuations of the mining properties have been recorded upon the books of the companies; but, for the sake of uniformity, the result of those entries has been omitted from the current statements.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Surplus Account—Year Ended 31st December, 1929

Surplus 31st December, 1928		$99,703,599.33
Premium received on Capital Stock sold for cash or issued for Convertible Debentures, less premium and discount on First Consolidated mortgage bonds redeemed and sundry surplus adjustments		1,634,921.43
		$101,338,520.76
Net Income of the year 1929, per Income Account:		
Anaconda Copper Mining Company share	$69,115,728.89	
Minority Interest share	1,202,010.49	70,317,739.38
		$171,656,260.14
Deduct, Dividends:		
By Subsidiary Companies on stock owned by Minority Interest at 31st December, 1929	$ 1,234,878.00	
By Subsidiary Companies on stock acquired by Anaconda Copper Mining Co. in 1929—amount paid prior to acquisition	4,178,080.13	
By Anaconda Copper Mining Co.—dividends Nos. 103, 104, 105 and 106	53,567,278.25	58,980,236.38
		$112,676,023.76
Deduct, Minority Interest		642,470.77
Surplus 31st December, 1929, per Balance Sheet		$112,033,552.99

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Income Account—Year Ended 31st December, 1929

Gross Sales and Earnings		$305,751,876.46
Cost of Sales—operating expenses, development, maintenance and repairs, administrative, selling and general expenses and all taxes		223,972,464.43
		$81,779,412.03
Other Income—interest, dividends and miscellaneous income		8,483,040.82
		$90,262,452.85
Deductions from Income:		
Amount charged off this year for depreciation and obsolescence	$11,685,736.04	
Interest, including discount on bonds	8,258,977.43	19,944,713.47
Net Income, carried to Surplus Account		$70,317,739.38

NOTE—The Income Account includes no sales and expenses of the Great Falls Rod, Kenosha Wire and Hastings Rod and Cable mills and does include the entire year's sales and expenses of Chile Copper Company, Andes Copper Mining Company and Greene Cananea Copper Company.